

PREFACE

In recognizing the need to promote development in America's inner cities, Congress has enacted a series of laws providing tax incentives for the rehabilitation of historic properties. Beginning in 1976 with the passage of the Tax Reform Act, Congress for the first time created a significant incentive for owners or investors who rehabilitated their properties and at the same time removed the incentives which promoted the demolition of historic buildings. This radical change in policy as it related to America's older and existing building stock has had a pronounced effect on the character of our cities. For the first time, developers were being rewarded from a tax standpoint for the rehabilitation of historic buildings. This in turn led to a renewed interest in developing downtown commercial buildings as well as entire neighborhoods and has brought about millions of dollars worth of rehabilitation work in cities across the Commonwealth.

In 1981 Congress enacted the Economic Recovery Tax Act creating major new tax incentives to encourage the preservation and reuse of historic buildings. The new law repealed the existing preservation tax incentives and replaced them with an extremely favorable 25 percent investment tax credit. This 25 percent investment tax credit for the rehabilitation of historic structures is the most beneficial tax treatment currently available for real estate investment under the amended Internal Revenue Service Code.

The interest in Kentucky created by the 1981 Act has been overwhelming. In 1982, the Kentucky Heritage Council reviewed 116 rehabilitation projects representing approximately 50 million dollars worth of rehabilitation. In 1983, over 200 projects were reviewed representing approximately 65 million dollars. Expenditures in 1984 were 62 million dollars. The majority of the projects are in Louisville. I believe that every historic district in the City has had at least one certified Tax Act project.

The Heritage Council is extremely pleased to have assisted the Louisville Landmarks Commission in the development of this publication. I am certain that this booklet will be extremely helpful in assisting the property owner in Louisville in planning a Certified Rehabilitation project. As in any project that requires review and approval, there are certain standards and procedures which must be followed. This publication discusses in detail the necessary steps in having a rehabilitation project certified so the owner is eligible to receive the tax credits. Louisville is extremely lucky to have a well-qualified resource to assist property owners in the tax incentive program. The Landmarks Commission is able to answer almost any type of question ranging from what types of properties are eligible for the credit to discussing qualified rehabilitation techniques. I urge you to make use of this resource.

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